National Steel & Agro Industries Ltd

May 6, 2022
Ref No.: NSAIL/SEC/2022-23

To,
Corporate Relationship Department,
BSE Limited
1st Floor, New Trading Ring,
Rotunda Building, P J Towers,
Dalal Street, Fort,
Mumbai– 400001.

To,
Listing Department,
National Stock Exchange of India Limited
Exchange Plaza', C-1, Block G,
Bandra - Kurla Complex,
Bandra (E)
Mumbai - 400051.

Sub: Resignation of Shri Rajesh Nema – Non Executive Independent Director of the Company.

Ref: Intimation under Regulations 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI (LODR) Regulations').

Dear Sir/Madam,

With reference to the captioned subject and pursuant to Regulation 30 read with Para A Part A of Schedule III of the SEBI (LODR) Regulations, 2015, we wish to inform you that Shri Rajesh Nema, Non-Executive Independent Director of the Company has resigned from the position w.e.f. April 8, 2022 citing personal reasons and other pre-occupancies.

The resignation letter along with the reasons as mentioned above is enclosed herewith (**'Annexure-A'**). The said resignation letter also confirms that there are no material reasons other than those mentioned by him for his resignation as the Independent Director from the Board of the Company. Further, Shri Rajesh Nema, neither holds directorship in any other listed entity nor is a member of the Board Committees therein.

Pursuant to Regulation 30(6) of SEBI (LODR) Regulations, the following are the reasons for delay in the disclosure of the aforesaid resignation:

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1. Since the resignation was addressed to the Board of the Company, the same was sent to Shri Santosh Shahra, Executive Chairman for his consideration and acceptance;
2. Before the Board of the Company could take the resignation on record, The Hon'ble NCLT, Mumbai Bench has ordered and has initiated Corporate Insolvency Resolution Process against the Company under Section 9 of the Insolvency and Bankruptcy Code, 2016 (**"Code"**) (A copy of the NCLT Order is attached as **'Annexure- B'**) as on April 11, 2022 (i.e. the Insolvency Commencement Date).
3. In terms of Regulation 17 of the Code, since the powers of the Board of Directors are suspended, the intimation regarding the aforementioned resignation could not be made by them.

We request you to take this letter as official communication that Shri Rajesh Nema – Non Executive Independent Director of the Company - has tendered his resignation effective immediately on April 8, 2022.

We request you to take the same on record.

Please let us know if require any further clarification/information in this regard.

Thanking you,

Yours sincerely,

For National Steel and Agro Industries Limited
(Company under Corporate Insolvency Resolution Process)

Anusha

Anusha Chandwani
Company Secretary
Membership No: ACS-54977

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Encl: as above

Annexure-A

Rajesh Nema

Dated : 08.04.2022

To,
The Board of Directors,
National Steel and Agro Industries Ltd.,
621, Tulsiani Chambers,
Nariman Point,
Mumbai

Sub : Resignation from directorship of National Steel and Agro Industries Ltd.

Dear Sir,

This is to inform that due to some unavoidable reasons and other pre-occupancies, I will not be able to continue as a director of the Company. Hence, I resign my office as a director of the Company with immediate effect.

I would further like to resign from the position of Chairmanship and membership from all the committees constituted by the Company.

Further, I would also like to confirm that there are no other material reasons other than the one as mentioned above, for my resignation from the Board of the Company.

I thank the Board of Directors for having given me cooperation and assistance to discharge my duties during my tenure as a director of the Company.

Thanking you,

Yours faithfully,

Rajesh Nema
Independent Director

IN THE NATIONAL COMPANY LAW TRIBUNAL
MUMBAI BENCH, COURT - I

Item 9 of Cause list dt 10.03.22

CP (IB) 2067/MB/2019

U/S 7 of the Insolvency and Bankruptcy Code, 2016 read with Rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016

In the matter of

JM Financial Asset Reconstruction Co Ltd
7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai – 400025.
.....Financial Creditor

Vs

National Steel & Agro Industries Ltd
(CIN: L27100MH1985PLC140379)
621, Tulsiani Chambers, Nariman Point, Mumbai – 400021.
.....Corporate Debtor

Order Delivered on :- 11.04.2022

Coram:
Hon'ble Member (Judicial) : Justice P.N. Deshmukh (Retd.)
Hon'ble Member (Technical): K.K. Vohra

Appearances:
For the Financial Creditor: - Mr. Ravi Kadam, Sr. Adv a/w Adv Rohit Gupta, Adv. Prakhar Tandon i/b Adv Agam H Maloo
For the Respondent: - Devesh Juvekar a/w Dikshat Mehra i/b Rajani Associates, Advocates.

ORDER

Per:- K.K. Vohra, Member (Technical)

1. This is a Company Petition originally filed by Bank of India, Financial Creditor (hereinafter referred to as the Original Lender) u/s 7 of the Insolvency and Bankruptcy Code, 2016 (the Code) seeking to initiate Corporate Insolvency Resolution Process (CIRP) against National Steel & Agro Industries Ltd., the Corporate Debtor (hereinafter referred to as CD) for non-payment of outstanding dues by the CD. Pending the said Company Petition against the CD, the original FC entered into an Assignment Agreement dated 29.09.2021 with JM Financial Asset Reconstruction Company Ltd. (hereinafter referred to as the FC). By virtue of the said Assignment Agreement, this Tribunal permitted substitution of JM Financial Asset Reconstruction Company Limited in place of Original Lender Bank of India on 21.01.2022 whereby all the rights and title of its financial assets including the financial debt owed by the CD were assigned to the FC.

Submissions of FC are as follow:

2. On 26.05.2014, an Inter Se Agreement for credit facilities was executed among IDBI Bank Ltd, State Bank of India, State Bank of Travancore, Bank of Maharashtra, United Bank of India, Andhra Bank, Oriental Bank of Commerce, State Bank of Patiala, Central Bank India, Punjab National Bank, Bank of India (hereinafter referred to as the IDBI Bank Limited Consortium) and CD.

3. The IDBI Bank Ltd Consortium had sanctioned Rs. 1431,05,00,000 to the CD in which the Original Lender sanctioned Rs. 125,00,00,000.

4. The amount claimed to be in default as on the date of classifying the Debt as Non-Performing Asset (NPA) is Rs. 116.91 crores as principal amount (Part IV, Pg 5 of CP). The Account was classified as NPA on 30.09.2018. CD admitted that an amount of Rs 114.34 crores as principal amount was in default as on 02.07.2018 in its Balance Sheet as on 31.03.2020 (pg 323 of Compilation of Documents).

5. Working Capital Consortium Agreement dated 26.05.2014 was executed between IDBI Bank Ltd Consortium including Bank of India (original lender) and the CD for extending credit facilities by Original lender to CD (pg 201 of Petition). The credit facilities were duly secured by joint hypothecation deed dated 26.05.2014. The Deed of Guarantee was executed by Mr. Santosh Shahra in favour of IDBI Bank Limited Consortium who also guaranteed the repayment of the said credit facilities.

6. CD breached the terms of loan agreement hence the loan account of was classified as NPA. The total dues as on 30.05.2019 is Rs. 127,80,95,977 with further interest and expenses.

7. The report of Central Repository of Information on large Credits dated 13.05.2019 is annexed to the Petition (pg 297 to 299). The Statements of Accounts for the period 2014 onwards have been produced on record in order to corroborate the claim filed by the FC.

8. Hence, the petitioner submits that the petition is complete in all respects, the default has been corroborated by substantial evidences, therefore, the petition ought to be admitted and CIRP to be initiated.

Submissions of CD are as follows:

9. CD filed Reply on 28.08.2019 opposing on the grounds of maintainability. CD alleged that the signatory to the Petition is not an authorised person to initiate the CIRP against the CD. FC also failed to provide any document to show that the signatory is authorised to act on behalf of the FC to institute the present Petition. CD also stated that the documents on which FC had relied upon were insufficiently stamped. CD also stated that the Statements of Account as provided by FC were not certified as per the provisions of the Banker's Book of Evidence Act, 1891.

10. CD stated that it had submitted OTS proposal to the IDBI Bank Ltd Consortium and was in constant negotiation for settlement. CD stated that if the present petition is admitted, the business of CD will have a negative impact and also the vendors/customers will stop dealing with the Company and the activities of the CD will come to a standstill.

11. CD vide Affidavit dated 26.11.2019 stated that CD had initially submitted a Onetime Proposal (OTS) to the IDBI Bank Limited Consortium for an amount of Rs. 375,00,00,000. Later, the said proposal was revised to Rs. 430,00,00,000. The CD further submitted that the OTS proposal was to be placed before the competent authority.

12. Further, the CD through its another Affidavit dated 16.01.2020 stated that CD had already advanced its efforts to settle the dues. CD had already deposited amount of Rs. 15.85 Crores to the Consortium Banks. CD submitted that as the OTS is at an advance stage, in the

interest of justice, an opportunity be granted to CD to enable it to settle with its Financial lenders.

FINDINGS

13. We have heard the submissions of the Counsel appearing for the FC and Counsel appearing for the CD.

14. This Bench observes from the records available that the right to file reply of the CD was closed way back vide Order dated 08.08.2019. Subsequently, an IA 2961 of 2019 was filed by the CD seeking to recall the said order dated 08.08.2019 and the Tribunal directed the CD to file Reply to the Petition. Thereafter, sufficient opportunities were granted to the CD to file its Reply.

15. Later, various replies by way of Additional Affidavits were filed by CD wherein the CD contested the Petition stating that the Petition was insufficiently stamped and the Petition filed was not by an authorized person. At the same time, the CD also stated that an OTS proposal was submitted to the IDBI Bank Limited Consortium and settlement talks were under consideration. This itself proves that the CD owes the claimed amount to the FC and a clear tactic to delay the proceedings since 2019 in the name of settlement.

16. Further, at the time of the hearing dated 10.03.2022, the CD has itself admitted its liability to pay the dues to the FC.

17. Ongoing through the facts and submissions of FC and upon considering the same, it is concluded that the FC has established that the Credit facilities were sanctioned and duly disbursed to the CD and there has been default in payment of Debt on the part of the CD.

18. Considering the above facts, we come to the conclusion that the nature of Debt is a "Financial Debt" as defined under section 5 (8) of the Code. It has also been established that there is a "Default" as defined under section 3 (12) of the Code on the part of the Debtor. The two essential qualifications, i.e. existence of 'debt' and 'default', for admission of a petition under section 7 of the I&B Code, have been met in this case.

19. As a consequence, keeping the afore said facts in mind, it is found that the Petitioner has not received the outstanding amount from the Respondent and that the formalities as prescribed under the Code have been completed by the Petitioner, we are of the conscientious view that this Petition deserves **'Admission'**.

20. The FC has proposed the name of Mr. Dushyant C. Dave having IBBI Registration No. IBBI/IPA-003/IP-N00061/2017-18/10502 as the Interim Resolution Professional (IRP). The IRP has submitted its consent vide FORM 2.

21. For the foregoing reasons, the above Company Petition is liable to be admitted, and accordingly the same is admitted by passing the following:

ORDER

a. **The above Company Petition No. (IB) -2067 (MB)/2019 is hereby admitted** and initiation of CIRP is ordered against National Steel & Agro Industries Ltd.

b. This Bench hereby appoints Mr. Dushyant C. Dave, Registration No: IBBI/IPA-003/IP-N00061/2017-18/10502 as the Interim

Resolution Professional having address at 1101, Dalamal Tower, B-Wing, Free Press Journal Marg, Nariman Point, Mumbai, Maharashtra – 400021, email: - Dushyant.dave@decoderesolvency.com to carry out the functions as mentioned under the Insolvency & Bankruptcy Code, 2016.

c. The FC shall deposit an amount of Rs. 5 Lakhs towards the initial CIRP cost by way of a Demand Draft drawn in favour of the Interim Resolution Professional appointed herein, immediately upon communication of this Order.

d. This Bench hereby prohibits the institution of suits or continuation of pending suits or proceedings against the corporate debtor including execution of any judgment, decree or order in any court of law, tribunal, arbitration panel or other authority; transferring, encumbering, alienating or disposing of by the corporate debtor any of its assets or any legal right or beneficial interest therein; any action to foreclose, the recovery of any property by an owner or lessor where such property is occupied by or in the possession of the CD.

e. The supply of essential goods or services to the CD, shall not be terminated or suspended or interrupted during moratorium period.

f. The provisions of sub-section (1) of Section 14 shall not apply to such transactions as may be notified by the Central Government in consultation with any financial sector regulator.

g. The order of moratorium shall have effect from the date of pronouncement of this order till the completion of the corporate insolvency resolution process or until this Bench approves the resolution plan under sub- section (1) of section 31 or passes an order for liquidation of corporate debtor under section 33, as the case may be.

h. The public announcement of the corporate insolvency resolution process shall be made immediately as specified under section 13 of the Code.

i. During the CIRP period, the management of the CD will vest in the IRP/RP. The IRP shall perform all his functions contemplated, inter-alia, by Sections 17, 18 and 21 of the Code and conduct proceedings with utmost dedication, honesty and strictly in accordance with the provisions of the Code, Rules and Regulations and shall file reports before the AA. It is further made clear that all the personnel connected with the CD, its promoters or any other persons associated with the Management of the CD are under legal obligation as per Section 19 of the Code to extend every assistance and cooperation to the IRP as may be required by him in managing the day-to-day affairs of the CD. The IRP shall be under duty to

protect and preserve the value of the property of the CD as a part of its obligation imposed by Section 20 of the Code and perform all his functions strictly in accordance with the provisions of the Code.

j. Registry shall send a copy of this order to the concerned Registrar of Companies for updating the Master Data of the Corporate Debtor.

Accordingly, this Petition is admitted.

The Registry is hereby directed to communicate this order to both the parties and to IRP immediately.

Sd/-

K.K. VOHRA
(MEMBER TECHNICAL)

Sd/-

JUSTICE P.N. DESHMUKH
(MEMBER JUDICIAL)